



## Study Says Paraho-Ute Project Lacks Sufficient Shale

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WASHINGTON — Utah's Paraho-Ute oil shale project and 10 other proposed synfuel projects still surviving the first round of consideration for aid by the U.S. Synthetic Fuel Corp. were sharply attacked Tuesday.

Branding the Paraho-Ute commercial shale oil project in Uintah County "another Pyramid scheme," the Environmental Policy Institute contended that Paraho Development Corp.'s facility on the White River, which seeks loan and price guarantees from SFC, "lacks adequate shale resources to last more than one-third of its project life."

The project near Bonanza also "only has two small equity partners," claimed EPI in a report prepared by Friends of the Earth in Denver.

"Several rumors persist that the facility on the White River is a front-runner in the SFC's current competition for financial assistance," noted the EPI report, released at a press conference at the Sierra Club several days before SFC is to announce its initial funding decisions. "If that is true, the SFC might do best to scrap the entire first solicitation (for projects).

### 'Sufficient Weaknesses'

"Despite its relative technical simplicity, its probable good reliability, and the technical, environmental and geological contrasts which the Paraho-Ute project offers relative to the two Colorado shale oil projects already guaranteed through the Energy Security Act.

We believe there are sufficient weaknesses in the project to warrant its rejection from Phase II negotiations (with SFC," the report said.

Focusing on the Paraho project, and five other synfuels projects each asking over \$1 billion in aid from SFC, the report compiled by environmentalists long promoting solar over synfuels development warned that the Paraho project "could run out of shale after just eight years of production," despite its developers' "optimistic assessment of available shale reserves," which the report termed unrealistic.

"Paraho and its sole equity partner, Davy McKee, do not have adequate resources to finance even the unguaranteed portion of this \$2.44 billion project," contended the report. The

developers are seeking \$1.85 billion in loan guarantees from SFC as well as \$200 million in price guarantees. "There is no assurance that equity partners with sufficient financial resources will join Paraho and McKee, and no objective analysis will match Paraho's optimism about likely equity partners."

### Evaluations 'Appreciated'

A spokesman for Paraho Development Corp. said Tuesday EPI's evaluations "are greatly appreciated."

Harry Pforzheimer III, vice president, corporate and public affairs, said "it is gratifying that Paraho has been selected not only as one of the strongest of the remaining 11 projects, but also has been rated as one of the most reliable processes by the institute."

He said the firm is on schedule with permits from the Environmental Protection Agency and "foresees no major problems." He said the resource base for the facility is "of sufficient size to meet proposed project goals."

"This resource to make the project further attractive is being expanded. Paraho is working closely with state and federal governments to secure additional lands," he said.

He noted the project's cost is \$2 billion and the company has taken loan guarantees of 75 percent (\$1.5 billion) with 25 percent to be sponsored by equity. He said 14 companies have participated in the design of the facility and some, but not all, provide equity required for the project.

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Paraho